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RUEHNY/AMEMBASSY OSLO PRIORITY 0144
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RUEKJCS/SECDEF WASHINGTON DC
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RUEATRS/DEPT OF TREASURY WASHDC
RUEAIIA/CIA WASHINGTON DC
RHEFDIA/DIA WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 03 LAGOS 000704

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E.O. 12958: DECL: 10/26/2017

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SUBJECT: NIGERIA: DELTA'S AMBITIOUS INTEGRATED DEVELOPMENT
SCHEME

REF: LAGOS 502

Classified By: Acting Consul General Vicki Hutchinson for reasons 1.4 (B) and (D)

11. (C) Summary: The Delta State Integrated Development Project has created an ambitious development plan for the state focused on establishing an industrial base, developing infrastructure, and privatizing some government functions to boost citizens' earning power. Two of the plan's larger projects are a free trade zone and a sea port, which Dubai Ports and a Chinese group have expressed interest in running. Godwin Akpobire, head of the Development Project, suggested NGOs could help monitor state and local government budgets, spending, and elections because government officials are poorly trained and do not understand the rule of law. End Summary.

"Holistic" State-Wide Development Planned

12. (SBU) Godwin Akpobire, head of the Delta State Integrated Development Project in the Governor's office, told Poloffs on October 19 his economic plan for the state seeks to establish an industrial base, link it with road and rail networks, and privatize certain government functions such as electric power generation, thereby improving citizens' earning power. Akpobire, who worked extensively as a city planner in England, said Delta State needs to "take oil out of the equation" by shifting away from dependence on derivation (oil revenues) toward dependence on manufacturing and commercial activities. His plan includes developing refineries, ports, free trade zones, aqua and agriculture, tourism, and silica industries in the state and linking them by a network of roads and railways.

13. (C) Akpobire noted that none of this will be possible without sufficient electrical power. Currently, he said, Delta State generates 1,800 of the nation's 3,000 kilowatts generated daily. That power is distributed throughout the country via the national grid. However, Delta State gets back for its own use only a fraction of the power it generates daily. Individuals attempting to run viable businesses spend thousands of naira per day to keep generators running. Akpobire would like to take Delta State off the national grid and keep the power for itself and privatize the plants to further lower the cost of generating power. Even with radically lower costs, 3.5 out of 4.0

million Delta State inhabitants would be unable to afford power, he said. As a result, he proposes that the State subsidize power for those citizens living on less than USD 1.25 per day. (Comment: Akpobire's proposal will be a hard sell to the National Electricity Regulatory Commission, who controls the nation's power grid. Comment.)

Procurement Regs Will Leave No Room To Cheat

14. (SBU) Central to the entire development plan is setting up systems that are impossible to manipulate, he said. He plans to overhaul the public procurement system and make it transparent. He plans to revise the current tendering process which grants government the discretion not to choose the lowest bid, and opens the system to manipulation, and is currently researching ways to factor quality of materials, capacity of the bidder, etc. into the equation. He also intends to require performance bonds which the contractor would forfeit upon failure to perform. Akpobire admitted that while he has the Governor's support for these changes, the state assembly is unaware of the requirements needed for an international standard system.

15. (SBU) To help Delta State citizens establish credit histories against which they can borrow for mortgages, Akpobire will push the Delta State integrated Development Card, supported by three Nigerian banks (Access, Oceanic, and Afribank).

16. (SBU) Akpobire also commented on the need to adopt environmental and workplace health and safety regulations to

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protect local communities from foreign company abuses. He said there is an Indian aluminum company operating in Delta that empties its lead directly into rivers. However, government cannot close the factory because to do so would throw 200 locally employed people out of work.

Secure Coastal Port and FTZ

17. (SBU) Akpobire has determined that a deepwater port along Delta's western shoreline would be located only four hours from the point at which a ship enters Nigerian territory after leaving international waters. Such a deepwater port would save international ships from having to continue south towards Port Harcourt. In addition, although sixty percent of all Nigerian oil exports originate from Escravos and Forcados in Delta State, oil is currently exported via Port Harcourt in Rivers State because Delta's inland ports would have to be dredged continuously to allow access for deep draught vessels, an unsustainably expensive proposition. Akpobire was confident Delta could begin to export its own natural resources, especially since he expects Delta's future gas exports to surpass all but Russia's in 10 years.

18. (SBU) Akpobire said the proposed Delta State Free Trade Zone (FTZ) would be automated to remove the elements of the system which allow corruption. Akpobire sees Delta becoming the largest pipe terminal in West Africa (including oil, water, and general house and construction pipes), and identified ten additional industries, such as lumber, that could benefit from a deepwater port. Dubai Ports and a Chinese group, Oceanic, reportedly expressed interest in running this port. Akpobire admitted it would be a large challenge to shift interest from Lagos to Delta state.

Government Officials Not Trained To Do Their Jobs

19. (C) Many government officials and legislators are not

properly trained nor do they understand the rule of law or threat of punishment. Akpobire said in the 25 local government areas (LGAs) in Delta State, he has only encountered six officials who are dedicated to public service; the rest he described as self-serving. In the past five years, Akpobire knew of two local government council chairmen who held policy-related meetings, and those were reportedly born from crises, he criticized. While Akpobire decried the inefficiencies, debt, and poor training of local government councils, he did not believe them all to be corrupt but instead blamed their lack of training. The Delta State Oil Producing Areas Development Committee (DESOPADEC) commissioners (Reftel) have lofty goals but do not understand the implications of their goals nor the best ways to achieve them. He said he had just spent three weeks trying to convince the Delta national Assembly of the need to conduct environmental impact assessments for major public works projects. The DESOPADEC commissioners are well-meaning, he said, and would benefit from formal training that would help them to do their jobs.

¶10. (SBU) The Governor has agreed with Akpobire's suggestion that local government area officials receive training, and he is seeking a U.S. or U.K. university that will prepare courses specially designed to help them better understand their roles and how to conduct public business. Only the best officials, beginning with the six he has already identified, will be trained, he said.

NGOs Could Monitor Budgets
But Parallel Government Feared

¶11. (C) Akpobire said he thought that NGOs could be used to monitor Delta State and local government revenue, budgets and expenditures on behalf of the citizenry. However, Akpobire told Poloffs he could not request assistance from NGOs without appearing to be acting in opposition to the government. Not only should NGOs have oversight of government revenues, but they should be empowered to monitor

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local government elections as well. He cautioned against NGOs being used as "political tools." (Note: Akpobire said the Delta State government had commissioned four NGOs, including Judith Asuni's Academic Associates Peace Works, to work with militants and youths and to help NGOs monitor government actions in the Niger Delta. End Note.)

¶12. (C) Comment: Akpobire outlined an ambitious, perhaps overambitious, development strategy for Delta State. While some of his work is unpopular and will likely be resisted by those unwilling to change the status quo, his experience and seeming dedication suggest there may be some, albeit minor, forward advancements. End Comment.
HUTCHINSON